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Rewald's 'charm' and \$1,000 created love nest, says woman

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Ramona Gonsalves, 22, testified yesterday she regularly had sex with Ronald Rewald from 1981 to 1983 in return for payments of \$1,000 a month.

Gonsalves said she was an 18-year-old legal messenger when Rewald first invited her to lunch and offered her \$1,000 for a sexual try-out.

She said she had never before had sex for pay with anyone.

Gonsalves is the first of several women called to testify in federal court about \$270,000 which the government says Rewald spent for "social and sexual intercourse" in a scheme to defraud investors.

Before Gonsalves took the stand yesterday, a widow in a wheelchair and a blind retired businessman testified they gave Rewald their life savings and lost.

Gonsalves said she met Re-

wald while working for lawyer Russell Kim, who leased office space from Rewald.

Gonsalves said she had sex with Rewald in an apartment across Alakea Street from his Grosvenor Center offices, and in his Rolls-Royce limousine.

The sex and the payments continued after she got pregnant in 1983, she said.

When a child was born, she named him Russell Ron, and made Rewald its godfather.

Rewald's attorney, federal Public Defender Michael Levine, said Rewald says he had had a vasectomy which rendered him sterile, and is not the father of the child.

Levine made no attempt to dispute Gonsalves' story about the sex and the money.

Rewald, 42, sat impassively in court while Gonsalves told the jury that he first invited her to lunch, and then to bed.

Rewald, Gonsalves said, was



Ronald Rewald
Godfather of child

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Woman testifies Rewald paid for sex

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"charming — he could talk, he has the ability to talk."

The first time he took her to lunch, at Arthur's, a pricey downtown Honolulu restaurant, "he was complimenting me on how pretty I was and he asked me what I wanted out of life and if there was anything special I wanted," Gonsalves testified in an even, soft voice.

"I just felt flattered and told him I was working to buy a car" and planned to put \$1,000 down on it. "He said he would write me a check for \$1,500, \$1,000 for the down payment and \$500 for a monthly parking sticker at Grosvenor Center.

"I was kind of thrown back. . . . He reassured me that it was okay," and wrote out the check as they finished lunch.

She used the \$1,000 as a down payment for a car, and a few days later Rewald invited her to lunch at Arthur's again.

"He was complimenting me again, and he made a remark that he didn't know if he wanted to keep me for himself or for his son."

Rewald's eldest son, James, was still high school age.

When she asked Rewald what he meant, "he said he'd like to continue seeing me and instead of going to lunch we'd go somewhere else."

"I said what do you mean, and he said if I had to ask, then it probably wasn't for me. And then I knew what he meant." He meant, Gonsalves said, that they would "have a secret rendezvous."

"I said, well, what about your wife, and he said we just won't tell her. He said that he'd give me \$1,000 a month and we'd meet every so often.

"Then he said he'd write me out a check for \$1,000 and we'd go over to Harbor Towers," a reference to the Harbor Square building on Alakea Street where Rewald had access to an apartment.

Gonsalves said Rewald proposed that "we would have sex, and if I didn't want to see him again I didn't have to but I could keep the \$1,000."

They went to the apartment and were there for 20 minutes to half an hour, during which time they had sex, she said. He

then gave her a check for \$1,000, she testified.

"He said to think about it and if I wanted to see him again to call him."

Gonsalves said she did think about it and called Rewald again a week later and "said it was okay" and arranged to meet with him again at the apartment, where they again had sex.

Once, she said, she asked him for cash instead of a check, but "he said he doesn't go around carrying that much cash."

Through the summer, she said, she received checks, including one drawn on Bishop Baldwin on Sept. 24 and made out to Ronald Rewald. Rewald endorsed the check over to her, explaining that "he ran out of personal checks and was using corporate checks."

On Dec. 1, she said, she received a corporate check for \$1,500 after asking Rewald for the money so she could go to California to visit her father, who was ill.

This was the first check she got marked "loan," she said. "He said he had to put 'loan' down to show on the company records, to show why he was giving me the money. . . . He said don't worry about it, he'd change the books, the records, later, to show it was paid back."

She said she never did any work for Bishop Baldwin or for Rewald, and there was no other reason for Rewald to pay her except that she was having sex with him.

Once, she said, Rewald proposed that she open a Bishop Baldwin account and get paid by him through that account, because he said "he was being audited by the IRS and writing too many checks to me."

When she said she didn't

want to open such an account. Rewald suggested that her parents open the account through which he would pay her. "I said I didn't think they would want to — I didn't want them to know about my relationship with him."

She continued to receive checks, including \$500 "loans" in December 1982 and February 1983, she said.

She began to see less of Rewald in 1983, she said, because "I was pregnant." But during the course of her pregnancy he continued to see her for the purpose of having sex, and continued to pay her \$1,000 a month, she said.

In all, she said, she received \$19,000.

She said Rewald once told her that if anyone ever asked about the money, she was to say it was for secretarial services.

Gonsalves took the stand immediately after testimony by a blind retired businessman from Portland, Ore., and an invalid from Milwaukee, who both said they trusted Rewald with their life savings, and lost.

Former Honolulu hotel executive Chester Owen, who has been completely blind since 1980, was guided to the stand by an FBI agent, and then testified he lost almost all of the \$240,000 he invested with Rewald beginning in 1982.

Beatrice Borkenhagen, a white-haired widow of a Milwaukee plumbing contractor, was wheeled before the jury in her wheelchair.

Borkenhagen, who said she went to high school with Rewald's parents, said Rewald began calling her "Aunt Bea" after she came to Hawaii on a visit in 1978.

She said she first invested \$48,000 with Rewald's sporting

goods firm in Hawaii, later bought \$10,000 worth of stock in his CMI Investment Co., and finally invested another \$215,749 in CMI's successor, Bishop Baldwin Rewald Dillingham & Wong.

She said Rewald, in a series of letters addressed "Dear Aunt Bea," told her the sporting goods stock increased in value to nearly \$62,000, that she could double her \$10,000 CMI investment in four years, and that he had sold her other securities for her and invested the money in Bishop Baldwin for her.

She said she received "dividend" payments monthly, but still ended up losing more than \$145,000.

Defense attorney Levine tried to question Mrs. Borkenhagen about passages in Rewald's letters in which he apparently told the elderly widow that he was working for a secret government agency again and was frightened about the work.

But U.S. District Judge Harold Fong told Levine he was not going to let Rewald put the Central Intelligence Agency on trial in the case.

Rewald has claimed that the CIA, which used Bishop Baldwin facilities for backstop cover for some personnel, ran the company and promised to reimburse him for expenses, but chose to "cut and run" when the CIA connection became public.

He acknowledges taking investors' money under false pretenses, but says he did it all at CIA direction to maintain his own "cover" as a wealthy businessman.

Judge Fong said CIA-related evidence is relevant only if it shows the agency had control over the funds Rewald was spending.